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DONELAN, CLEARY, WOOD & MASER, P.C.

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September 6, 1995 *8429 H & Z* FILED 1428

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INTERSTATE COMMERCE COMMISSION

Donelan Cleary Wood Maser
Honorable Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary Williams:

Enclosed for recordation, under the provisions of 49 U.S.C. §11303(a) and the regulations thereunder, are executed counterparts of two secondary documents, not previously recorded as follows: (1) Novation Agreement ("Agreement"), dated as of July 24, 1995, by Hercules Incorporated, as Transferor/Lessee, Montell USA Inc., as Transferee/Lessee, and The CIT Group/Equipment Financing, Inc., as Owner/Lessor; and (2) Amendment No. 1 dated as of July 24, 1995 ("Amendment") to Lease of Railroad Equipment, dated as of September 1, 1976 as modified by the Lease Addendum dated as of January 14, 1977 ("Lease") between Montell USA Inc. (formerly known as Himont U.S.A. Inc. and assignee of Hercules Incorporated), as Lessee, and The CIT Group/Equipment Financing, Inc., (assignee of BOT Financial & Leasing Corporation B-3 (formerly known as New England Merchants Leasing Corporation B-3)) as Owner/Lessor.

The names and addresses of the parties to the enclosed documents are as follows:

Novation Agreement

Transferor/Lessee - Hercules Incorporated
Hercules Plaza
1313 North Market Street
Wilmington, Delaware 19894-0001

Transferee/Lessee - Montell USA Inc.
2801 Centerville Road
P.O. Box 5439
Wilmington, Delaware 19850

Owner/Lessor - The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036

Amendment No. 1

Lessee - Montell USA Inc.
2801 Centerville Road
P.O. Box 5439
Wilmington, Delaware 19850

LICENSING BRANCH

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RECEIVED
OFFICE OF THE
SECRETARY

DONELAN, CLEARY, WOOD & MASER, P.C.

Letter to Secretary Vernon A. Williams
September 6, 1995
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Owner/Lessor

- The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036

Under the said Novation Agreement, among other things, Montell USA Inc. is substituted as lessee for Hercules Incorporated and assumes all rights and obligations (excluding certain Excluded Obligations) of Hercules Incorporated under the said Lease. The said Lease was recorded with the Commission under Recordation Nos. 8479. Wherefore, the enclosed Novation Agreement should be recorded under the next available letter under Recordation No. 8479, which we believe is -H.

The said Amendment No. 1 between Montell USA Inc., as Lessee and The CIT Group/Equipment Financing, Inc., as Owner/Lessor, amends the said Lease in various respects as set forth therein. Wherefore, the enclosed Amendment No. 1 should be recorded under the next available letter under Recordation No. 8479, namely under -I.

The units of equipment covered by the enclosed Novation Agreement and Amendment No. 1 are the one hundred ninety-three (193) covered hopper railcars as listed in Schedule A attached hereto. Please note that the Novation Agreement effects a change in the identification marks assigned to the subject equipment, namely, changing the marks from "HPCX" to "MLLX."

Please record in the "Vendee/Lessee" Index Book (white pages) a separate entry of the Novation Agreement as a secondary document (with a reference to the recordation number assigned to that document, No. 8479-H) under the name of the Transferee/Lessee, namely, under Montell USA Inc.

Enclosed is a remittance in the amount of \$63.00 for the required recording fee and for the request to index the above-named Transferee/Lessee in the Vendee/Lessee Index Book.

A short summary of the documents to appear in the Index follows:

"(1) Novation Agreement dated as of July 24, 1995 by Hercules Incorporated, as Transferor/Lessee, Montell USA Inc., as Transferee/Lessee and The CIT Group/Equipment Financing, Inc., as Owner/Lessor, and (2) Amendment No. 1 to Lease of Railroad Equipment dated as of July 24, 1995 between Montell USA Inc., as Lessee and The CIT Group/Equipment Financing, Inc., as Owner/Lessor, both documents pertaining to that certain Lease of Railroad Equipment dated as of September 1, 1976, as modified, and to the equipment listed in Schedule A hereto."

Once the filing has been made, please return to bearer the stamped counterparts not need for your files, together with the fee receipt, the letter from the ICC acknowledging the filing, and the extra copies of this letter of transmittal.

Very truly yours,



John K. Maser III

Attorney for purposes of this filing for
Hercules Incorporated, Montell USA Inc.
and The CIT Group/Equipment Financing, Inc.

Enclosures

1210-020

RECORDATION NO. 8479-I
SEP 6 1995 - 1 15 PM
INTERSTATE COMMERCE COMMISSION

EXECUTION COPY

AMENDMENT NO. 1
TO LEASE OF RAILROAD EQUIPMENT

AMENDMENT NO. 1 dated as of July 24, 1995 (this "Amendment") to the Lease of Railroad Equipment dated as of September 1, 1976 as modified by the Lease Addendum dated as of January 14, 1977 (the "Lease") between MONTELL USA INC., a Delaware corporation (formerly known as Himont U.S.A., Inc. and assignee of Hercules Incorporated) ("Lessee"), and THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (assignee of BOT Financial & Leasing Corporation B-3 (formerly known as New England Merchants Leasing Corporation B-3)) ("Owner").

W I T N E S S E T H:

A. Hercules Incorporated ("Hercules") and BOT Financial & Leasing Corporation B-3 ("BOT") were Lessee and Owner, respectively, under the Lease which Lease was recorded at the Interstate Commerce Commission as follows:

the Lease of Railroad Equipment dated as of September 1, 1976 on September 15, 1976 at 2:10 p.m. under Recordation No. 8479; and

the Lease Addendum dated as of January 14, 1977 on January 24, 1977 at 10:00 a.m. under Recordation No. 8479-D.

B. BOT sold, assigned and conveyed its right, title and interest in and to the Lease (and the Units subject thereto) to The CIT Group/Equipment Financing, Inc. pursuant to an Assignment and Assumption Agreement dated May 31, 1995 which Assignment and Assumption Agreement was recorded at the Interstate Commerce Commission as follows:

the Assignment and Assumption Agreement dated May 31, 1995 on May 31, 1995 at 3:00 p.m. under Recordation No. 8479-G.

C. Montell USA Inc. ("Montell") has previously requested the consent of the Owner to (i) Lessee's assumption of Hercules' rights and obligations under the Lease and (ii) a modification of the rights of Lessee to renew the term of the Lease for five (5) successive renewal terms of one (1) year each.

D. Immediately prior to the execution and delivery of this Amendment, with the consent and agreement of the Owner, Hercules and Montell executed and delivered that certain Novation Agreement dated the date hereof (the "Novation Agreement").

E. Owner and Lessee now wish to amend the Lease.

NOW, THEREFORE, in consideration of the mutual agreements contained in the Novation Agreement and the consent of the Owner thereto and other good and valuable consideration and intending to be legally bound hereby, the undersigned agree as follows:

1. Definitions. Capitalized words used but not otherwise defined herein have the respective meanings given to them in the Lease.

2. Amendments. With effect from the execution and delivery hereof the Lease shall be amended as set forth in this Section 2.

2.1. Any reference to or provisions in respect of the rights and interests of the Note Purchaser or the operation of the Finance Agreement, the Consent, the Security Agreement or the Assignment of Lease shall be deleted and be of no further force or effect.

2.2. Section 7 of the Lease is amended by adding the following sentence to the fourth paragraph thereof:

"The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid during any renewal term permitted by Section 13 hereof shall be the 'Depreciated Value' of such Unit on such date as provided in the A.A.R. Code of Rules for the Interchange of Traffic."

2.3. Section 7 of the Lease is further amended by deleting the seventh and eighth paragraphs thereof and substituting the following therefor:

"Lessee shall at all times while this Lease is in effect maintain, at its expense, "all-risk" physical damage insurance and comprehensive general liability insurance (covering bodily injury, property damage, including, but not limited to, contractual liability and products liability) in such amounts, with such insurers as shall be reasonably satisfactory to Owner; provided that the amount of "all-risk" physical damage insurance shall not on any date be less than the Casualty Value of the Units as of such date, and provided, further, that the amount of "all-risk" physical damage insurance required under this section shall not exceed Two Million United States Dollars (US\$2,000,000) and the amount of comprehensive general liability insurance required under this section as may be supplemented by umbrella and excess liability insurance, shall not exceed Twenty Million United States Dollars (US\$20,000,000). Such insurance policies will, among other things, name Owner as

an additional insured or as loss payee (as the case may be), require that the insurer give Owner at least thirty (30) days prior written notice (at the address for notice to Owner set forth in Section 20 hereof) of any alteration in or cancellation of the terms of such policy, and require that the interests of Owner be continually insured regardless of any breach of or violation by Lessee of any warranties, declarations, or conditions contained in such insurance policy. Lessee shall have the right to self-insure for up to One Million United States Dollars (US\$1,000,000) of the physical damage insurance and/or the comprehensive general liability insurance required under this section, provided, that Lessee may self-insure for additional amounts upon obtaining the prior written consent of Owner, which consent Owner may deny in its reasonable discretion based upon Owner's reasonable judgment that Lessee's business or financial condition does not support such additional amount of self-insurance. In no event shall Owner be responsible for premiums, warranties or representations to any insurer or agent thereof. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Owner. The obligations of Lessee under this Section shall in no event relieve Lessee from any indemnity obligation hereunder."

2.4. Section 13 of the Lease shall be amended by deleting the section in its entirety and substituting the following therefor:

"Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Owner not less than 180 days prior to the end of the original term of this Lease and each permitted renewal term as provided herein, elect to extend the term of this Lease in respect of all, but not less than all of the Units then covered by this Lease for a renewal term of one year; it being understood that the option to renew the term of this Lease shall be limited to five (5) successive one (1) year renewal terms following the expiration of the original term (such expiration being January 14, 1997). The rental payable for each permitted renewal term shall be equal to Two Hundred Forty Six United States Dollars (US\$ 246.00) per Unit per month and shall be payable quarterly in arrears on the fourteenth day of each October, January, April and July of such renewal term (each such date being for all purposes of the Lease a "Rental Payment Date"). If no such written notice is delivered to Owner on or before said 180th day, Lessee shall be deemed to have waived any right to renew this Lease. The Casualty Value for each Unit for the

permitted renewal terms shall be as defined in Section 7 hereto."

2.5. Section 14 of the Lease is amended by deleting the first paragraph thereof, excepting the last sentence of such paragraph, and substituting the following therefor:

"As soon as practicable on or after the termination of the original or any extended term of this Lease, and in any event not later than 90 days thereafter, the Lessee will, at its own cost, expense and risk, at the request of the Owner, cause each Unit to be transported to such point or points as shall be reasonably designated by the Owner immediately prior to such termination, provided that such point or points shall in any event be in the United States, including the District of Columbia but excluding Alaska, Hawaii and all United States territories and possessions. The Lessee shall pay rent for each Unit which is not returned on the termination of the original or any extended term of this Lease in an amount per diem calculated on the basis of the rental paid on the last Rental Payment Date of the original term or the extended term, if any. If the Lessee shall not have returned any Unit at the end of the 120 day period following the original term or the extended term, as applicable, the Lessee shall pay rent for each Unit not so returned in an amount equal to 150% of the per diem amount described in the preceding sentence. The assembly, delivery and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to cause the assembly, delivery and transporting of the Units."

2.6. Section 19 of the Lease is amended by deleting the same and substituting "[Intentionally Deleted]" therefor.

2.7. Section 20 of the Lease is amended by deleting the address set forth therein and substituting the following therefor:

"if to the Owner, at 1211 Avenue of the Americas, New York, New York 10036, Attn: General Counsel;

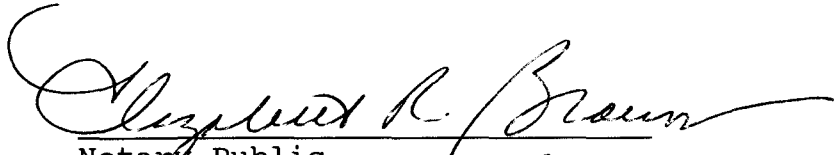
if to the Lessee, at 2801 Centerville Road, P.O. Box 5439, Wilmington, Delaware 19850, Attn: General Counsel;"

2.8. Section 22 of the Lease is amended by deleting the first sentence of the second paragraph thereof.

STATE OF DELAWARE)
) ss.:
COUNTY OF NEW CASTLE)

On this 25th day of July, 1995, personally appeared before me, Robert J. Ockun, who being by me duly sworn, did say that he is a Senior Vice President of Montell USA Inc., a Delaware corporation, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)


Notary Public
My Commission Expires: April 29, 1996

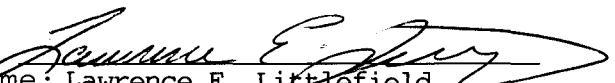
ELIZABETH R. BROWN
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXPIRES APRIL 29, 1996

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date first above written.

MONTELL USA, INC.

By _____
Name:
Title:


THE CIT GROUP/EQUIPMENT
FINANCING INC.

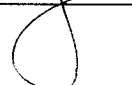
By 
Name: Lawrence E. Littlefield
Title: Vice President, Rail

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 7th day of August, 1995, personally appeared before me, Lawrence Littlefield, who being by me duly sworn, did say that he is a Vice President of THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation, and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)



Notary Public
My Commission Expires: 

MARIAN VALITZKY
Notary Public, State of New York
No. 01-4991572
Qualified in New York County
Commission Expires 2/3/96